

United States Senate

WASHINGTON, DC 20510

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February 16, 2010

The Honorable Julius Genachowski, Chairman  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Dear Chairman Genachowski:

As you prepare to release the National Broadband Plan (NBP) in March, I urge you to resist calls to expand the Universal Service Fund (USF) to cover access to broadband services.

Any expansion of the USF to cover broadband services would add significantly to the heavy burden that this program already places on New Jersey's consumers. In 2008, New Jersey's consumers paid \$4.35 to the fund for every dollar they got back, for a net USF contribution in excess of \$188 million. New Jersey's consumers should not be forced to bear the disproportionate costs of a further expansion in the USF.

Although I support the concept of universal service, and recognize the importance of universal access to broadband for New Jerseyans and all Americans, the USF desperately needs to be changed to address the numerous inequities and inefficiencies in its current administration. A modification to the USF program to cover access to broadband services will only exacerbate these inequities and inefficiencies. The FCC needs to implement long-term comprehensive USF reform before embarking on any expansion or modification of the program to serve priorities identified in the NBP.

I appreciate your consideration and look forward to hearing from you about this matter.

Sincerely,





FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

April 1, 2010

The Honorable Frank R. Lautenberg  
United States Senate  
324 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Lautenberg:

Thank you for your letter regarding the National Broadband Plan and concerns that its recommendations could expand the universal service fund (USF).

I appreciate your concern and am pleased to report that the National Broadband Plan sets a course for transformation of the USF – cutting waste, driving efficiencies, and converting it over time to broadband support without increasing the overall size of the Fund. The Plan proposes three broad reforms:

- Transition to a new Connect America Fund to extend broadband where it is not available now, and to support ongoing service in those areas where it is uneconomic to provide service without governmental support. Funding will be provided on a technology-neutral basis and open to any entity that can satisfy the thresholds established by the FCC.
- Create a new, targeted Mobility Fund to ensure that everyone in the country has access to 3G wireless services.
- Reform intercarrier compensation to gradually phase out per-minute charges, while providing carriers with the opportunity for adequate cost recovery from customers, and, where necessary, from the Connect America Fund. Adopt interim rules to address arbitrage.

I will continue to work to ensure that the universal service program operates consistently with its statutory principles, including that contributions to the Fund are made on an equitable basis, and that program funds are sustainable over time. I also will be mindful of the effect that universal service policies, including Fund size, have on consumers.

I appreciate your letting me know of your interest in this matter, and I look forward to working with you to maintain the sustainability and equitable nature of the universal service program. Please let me know if I can be of any further assistance.

Sincerely,

Julius Genachowski